

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 3690 / October 11, 2013

ADMINISTRATIVE PROCEEDING
File No. 3-15565

In the Matter of

Burton Douglas Morriss,

Respondent.

**ORDER INSTITUTING
ADMINISTRATIVE PROCEEDINGS
PURSUANT TO SECTION 203(f) OF THE
INVESTMENT ADVISERS ACT OF 1940,
MAKING FINDINGS, AND IMPOSING
REMEDIAL SANCTIONS**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted pursuant to Section 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”) against Burton Douglas Morriss (“Morriss” or “Respondent”).

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over him and the subject matter of these proceedings, and the findings contained in Section III.2 below, which are admitted, Respondent consents to the entry of this Order Instituting Administrative Proceedings Pursuant to Section 203(f) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions (“Order”), as set forth below.

III.

On the basis of this Order and Respondent's Offer, the Commission finds that:

1. Respondent Morriss, 51, resides in St. Louis, Missouri. From 2005 through 2011, Morriss, among other things, was chairman and CEO of Acartha Group, a Delaware limited liability company with offices in Missouri and New Jersey that was established as an alternative asset management company. During this time, Morriss acted as an unregistered investment adviser to two private equity funds, MIC VII and Acartha Technology Partners ("ATP"). Both of these companies were formed for the purpose of investing in early to mid-stage companies primarily in the financial services and technology sectors. Acartha Group was the managing member of MIC VII, and another company Morriss controlled was the manager of ATP. Morriss made investment decisions on behalf of both MIC VII and ATP.

2. On August 13, 2013, the United States District Court for the Eastern District of Missouri entered a judgment by consent against Morriss in the civil action entitled Securities and Exchange Commission v. Burton Douglas Morriss, et al., Case No. 4:12-CV-80, permanently enjoining Morriss from future violations of Section 17(a) of the Securities Act of 1933, Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, and Sections 206(1), 206(2), and 206(4) of the Advisers Act and Rule 206(4)-8 thereunder.

3. The Commission's complaint alleged that from approximately 2003 through 2011, Morriss and the companies he controlled raised at least \$88 million from 97 investors to invest in preferred shares or membership interests that would be part of investments in early to mid-stage companies in the financial services and technology sectors. The complaint further alleged that Morriss misappropriated at least \$9.1 million of investor money for various personal expenses, and diluted the investments of some investors by raising new funds without their permission as required by one company's operating agreement.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent Morriss' Offer.

Accordingly, it is hereby ORDERED:

Pursuant to Section 203(f) of the Advisers Act, Respondent be, and hereby is:

barred from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization; and

Any reapplication for association by the Respondent will be subject to the applicable laws and regulations governing the reentry process, and reentry may be conditioned upon a number of factors, including, but not limited to, the satisfaction of any or all of the following: (a) any disgorgement ordered against the Respondent, whether or not the Commission has fully or partially waived payment of such disgorgement; (b) any arbitration award related to the conduct that served as the basis for the Commission order; (c) any self-regulatory organization arbitration award to a customer, whether or not related to the conduct that served as the basis for the Commission order; and (d) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order.

By the Commission.

Elizabeth M. Murphy
Secretary